

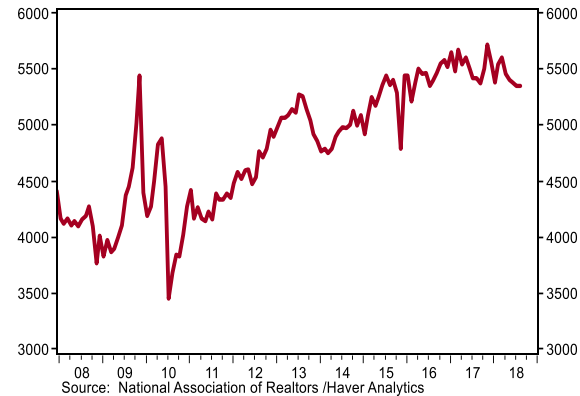
# August Existing Home Sales

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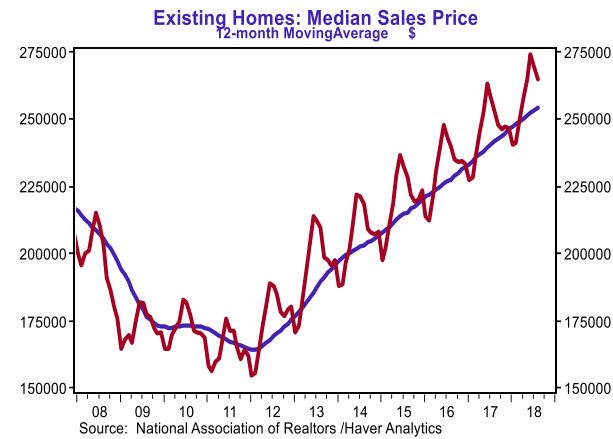
- Existing home sales were unchanged in August at a 5.34 million annual rate, below the consensus expected 5.37 million. Sales are down 1.5% versus a year ago.
- Sales in August rose in the Northeast and Midwest, but fell in the West and South. Sales of both single-family homes and condos/coops were unchanged in August.
- The median price of an existing home fell to \$264,800 in August (not seasonally adjusted) but is up 4.6% versus a year ago. Average prices are up 3.0% versus last year.

**Implications:** After four consecutive months of declines, existing home sales held steady in August, ending the downward momentum. Sales of previously-owned homes were unchanged at a 5.34 million annual rate in August and are now down 1.5% from a year ago, the sixth consecutive month of year-over-year sales declines. The biggest problem for existing home sales has been a lack of supply. The months' supply of existing homes – how long it would take to sell the current inventory at the most recent sales pace – was 4.3 months in August and has been below 5.0 since late 2015 - the level the National Association of Realtors (NAR) considers tight. That said, inventories look like they may finally be turning a corner, rising on a year-over-year basis for the first time in 38 months. If sellers really are changing their behavior, a reversal in the steady decline of listings we've seen since mid-2015 would be a welcome reprieve for buyers, boosting supply and sales, as well. Even with the current lack of choices, demand for existing homes has remained remarkably strong, with 52% of homes sold in August remaining on the market for less than a month. Higher demand and a shift in the "mix" of homes sold toward more expensive properties has also driven up the median sales price, which has now risen on a year-over-year basis for 78 consecutive months. Although some analysts will suggest weakness in existing home sales is the result of rising mortgage rates, we doubt that's the case: new home sales, which would be similarly impacted by higher financing costs, have continued to rise at a healthy pace. Keep in mind that starting next month Hurricane Florence will likely hold back sales just like Harvey and Irma did last year. Look for a rebound in sales after the initial negative effects work their way through the data. On the manufacturing front this morning, the Philly Fed Index, a measure of East Coast factory sentiment, jumped to +22.9 in September from +11.9 in August, signaling growing optimism from manufacturers. Finally, in employment news, initial jobless claims fell 3,000 last week to 201,000, the lowest reading since November 1969. Meanwhile, continuing claims fell 55,000 to 1.65 million, also marking a multi-decade low. Hurricane Florence will likely push these numbers higher in the weeks ahead, among the many data readings that may be distorted in coming months. But remember that shifts in activity due to storms are temporary, and we have little doubt the Kevlar Economy will continue higher in the quarters to come.

**NAR Total Existing Home Sales, United States**  
 SAAR, Thous



**Existing Homes: Median Sales Price**



Existing Home Sales	Aug-18		Jul-18	Jun-18	3-month	6-month	Yr to Yr
	%Ch.	level	level	level	moving avg.	moving ave.	% Change
<i>Seasonally Adjusted Unless Noted, Levels in Thous.</i>							
<b>Existing Home Sales</b>	0.0%	5340	5340	5380	5353	5420	-1.5
<b>Northeast</b>	7.6%	710	660	720	697	683	-2.7
<b>Midwest</b>	2.4%	1280	1250	1270	1267	1273	-0.8
<b>South</b>	-0.4%	2230	2240	2250	2240	2292	1.8
<b>West</b>	-5.9%	1120	1190	1140	1150	1172	-7.4
<b>Median Sales Price (\$, NSA)</b>	-1.7%	264800	269300	273800	269300	263450	4.6

Source: National Association of Realtors